CITY HALL COUNCIL CHAMBERS
SANTA MARIA, CALIFORNIA
REGULAR MEETING

JUNE 20, 2006

CALL TO ORDER:
Mayor Lavagnino called the Regular Meeting of the City Council to order at 6:30 p.m.

INVOCATION:
Pastor Carl Nielsen of Bethel Lutheran Church gave the invocation.

PLEDGE OF ALLEGIANCE TO THE FLAG:
Councilmember Mariscal led the pledge of allegiance.

ROLL CALL:
MEMBERS PRESENT
Councilmembers Mariscal, Orach, Patino, Trujillo, and Mayor Lavagnino.

STAFF MEMBERS PRESENT
City Manager Ness, City Attorney Trujillo, Assistant City Manger Haydon, Police Chief Macagni, Director of Community Development Lindsey, Fire Chief Ortiz, Director of Utilities Chisam, Director of Recreation and Parks Posada, Director of Administrative Services Snodgrass, Director of Public Works/City Engineer Sweet, City Librarian Pinneli, and Chief Deputy City Clerk Perez.

VOLUNTEERS OF THE MONTH
Councilmember Orach presented a gift to the Recreation and Parks Volunteer of the Month for June 2006, Steve Hossli, for his dedication of time and effort as an instructor and mentor for the Police Activities League (PAL) Off-Roads Program.

PUBLIC COMMENT
Ernest Armenta spoke in opposition to the contract to provide methane gas to Marian Hospital, about an article in the newspaper regarding transporting contaminated soil to the landfill, and in opposition to Measure D reauthorization. He also spoke on Item 3K. See discussion of Item 3K under Consent Calendar comments.

CONSENT CALENDAR
Councilmember Trujillo requested Items 3F and 3J be pulled for comment. Councilmember Patino requested Items 3F, 3J, 3M and 3R be pulled for comment. Ernest Armenta requested the opportunity to speak on Item 3K.

Item 3F – Resolution opposing Assembly Bill 2987.
Councilmember Trujillo stated he wanted to point out to the public that the reason the City and the League of California Cities were opposing this Bill was because it places in jeopardy traditional local franchise fee revenues to local governments, takes away City control of franchise negotiations and fails to adequately protect the communities Public, Education and Governmental Access channels.

Councilmember Patino stated the big loser with this Bill will be the cities and counties in California. Counties and cities across California are opposing the Bill; however, the legislators are in favor of it. She said she was afraid the City would lose its government access television channel. That would be a big impact to the citizens. Verizon and AT&T have put millions of dollars into getting this passed.

Councilmember Mariscal stated this was a proposal being carried by Fabian Nunes at the State Assembly. The telephone companies that can now provide high-speed internet over telephone lines also want to be able to bring television shows over those telephone lines. Many cities have franchise agreements with cable providers to bring cable television to their communities. This is a direct competition issue. The cable companies must negotiate local franchise agreements with the communities, and part of

those local agreements include funding for such things like PEG access. In the event this high-speed delivery system is now able to provide television services, those franchise agreements would be done at the State level. Any money that comes as a result of those franchise agreements would stay in Sacramento and not come to the local jurisdictions. For the City of Santa Maria, the franchise fees amount to about $440,000 a year.

Item 3J – Suspension of annual rate increases for landfill and solid waste collection
Councilmember Trujillo commended staff for continuing to hold down rates. A lot of people are asking about moving contaminated sand to the landfill, but what they don't understand is that the landfill is built to the highest safety standards. The City is really trying to safeguard the welfare of the community.

Councilmember Patino had no further comments on this item.

Item 3K – Parkland Cottages Tentative Tract Map
City Manager Ness announced that the City had received an executed copy of an Irrevocable Grant of License between the property owner for this project and the Country Club Village Green Homeowners Association.

Ernest Armenta indicated that at the last meeting this item was continued because there was not an agreement between the two property owners. He said Community Development Department staff and the Planning Commission should not have forwarded the project on to the City Council without that agreement.

Item 3M – JAG Program Grant
Councilmember Patino stated the City did get over $13,000 from this grant.

Item 3R – SMAT Service Changes
Councilmember Patino stated she wanted the public to know that three bus routes would be extended to provide service later into the evening hours.

Councilmember Mariscal stated the individual on City staff who has worked diligently with the community outreach and rider advisory group is going to be leaving the City. Joe Rye has done an excellent job with the operation of SMAT and expansion of service. In addition to the expansion of service, there will also be a substantial increase in public transit over the next two years.

Mayor Lavagnino commended Joe Rye on the outstanding job he has done for the City.

Consent Calendar Items A through T were approved with the indicated action on motion by Councilmember Orach, seconded by Councilmember Patino, and carried on the following vote:

AYES: Councilmembers Mariscal, Orach, Patino, Trujillo, and Mayor Lavagnino
NOES: None
ABSENT: None
ABSTAIN: None

A. ORDINANCES
The reading in full of all ordinances and resolutions was waived. Ordinances on the Consent Calendar are adopted by the same vote cast at the first reading unless City Council indicates otherwise.

B. MINUTES
The Minutes of the Regular City Council Meeting of June 6, 2006, were approved as submitted.

C. GENERAL MUNICIPAL ELECTION
Resolution Nos. 2006-85, 2006-86, and 2006-87 were adopted to begin the process for the General Municipal Election to be held on November 7, 2006.

Resolution No. 2006-85 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, CALLING AND GIVING NOTICE OF THE HOLDING OF A GENERAL MUNICIPAL ELECTION TO BE HELD ON TUESDAY, NOVEMBER 7, 2006, FOR THE ELECTION OF CERTAIN MUNICIPAL OFFICERS.

Resolution No. 2006-86 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, REQUESTING THE BOARD OF SUPERVISORS OF THE COUNTY OF SANTA BARBARA TO CONSOLIDATE A GENERAL MUNICIPAL ELECTION TO BE HELD ON TUESDAY, NOVEMBER 7, 2006, WITH THE STATEWIDE GENERAL ELECTION TO BE HELD ON THAT DATE PURSUANT TO §10403 OF THE ELECTIONS CODE.

Resolution No. 2006-87 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, ADOPTING REGULATIONS FOR CANDIDATES FOR ELECTIVE OFFICE PERTAINING TO CANDIDATES' STATEMENTS SUBMITTED TO THE VOTERS AT AN ELECTION TO BE HELD ON TUESDAY, NOVEMBER 7, 2006.

D. RELEASE OF BONDS

Council accepted as complete certain public improvements and authorized the release of a Faithful Performance Bond for Bradley Square, Tract 5782, Phases 4, 6, & 7 in the reduced amount of $20,000 for construction and installation of boundary walls, with an order that the Contractor, Labor and Material Bond be held until December 2006; a Faithful Performance Bond for Phases 5, 8 & 9 in the reduced amount of $10,000 for the construction and installation of boundary walls, with an order that the Contractor, Labor and Material Bond be held until December 2006; and a Faithful Performance Bond for Phases 5, 8, & 9 in the amount of $81,670 for the construction and installation of underground public improvements for McCoy Lane.

E. RELEASE OF BONDS

Council accepted as complete certain public improvements and authorized the release of a Faithful Performance Bond for Arborwalk, Tract 5831, in the amount of $206,417 for the construction and installation of boundary walls, with the order that the Contractor, Labor and Material Bond be held until December 2006.

F. ASSEMBLY BILL 2987

Resolution No. 2006-88 was adopted urging the State Legislature to oppose Assembly Bill 2987, The Digital Infrastructure and Video Competition Act of 2006, as presently written creating a new Statewide franchise for cable and video service providers.

Resolution No. 2006-88 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, OPPOSING AB 2987 REGARDING TELECOMMUNICATIONS SERVICES.

G. WARRANTS

Warrant Nos. 127783 to 128049 in the amount of $1,081,309.53 were ordered ratified subject to having been certified as being in conformity with the budget and having been approved for payment by the Director of Administrative Services. Warrant Nos. 122026, 121724, 127356, 127689, 127742, 127746, and 127880 were canceled.

H. PAYROLL

Payment of payroll was ordered ratified subject to having been certified by the proper Department Heads, as shown on records on file in the Department of Administrative Services and having been approved for payment by the Director of Administrative Services.

I. PREPAYMENT TO CALPERS

Resolution No. 2006-89 was adopted authorizing appropriations and the prepayment of fiscal year 2006-07 California Public Employees' Retirement System (CalPERS) contributions.

Resolution No. 2006-89 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, AUTHORIZING APPROPRIATIONS AND TRANSFERS FROM GENERAL FUND CAPITAL PROJECTS AND APPROVING PREPAYMENTS FOR CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM CONTRIBUTION.

J. SUSPENSION OF RATE INCREASE
Resolution No. 2006-90 was adopted approving the suspension of the five percent (5%) rate increase for landfill rates effective July 2006 and the suspension of the five percent (5%) rate increase for solid waste collection rates effective January 2007.

Resolution No. 2006-90 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, APPROVING THE SUSPENSION OF ANNUAL RATE INCREASES FOR THE LANDFILL AND SOLID WASTE COLLECTION.

K. PARKLAND COTTAGES
Resolution No. 2006-91 was adopted approving a Tentative Tract Map for Parkland Cottages (McCoy Senior Residences) located on McCoy Lane south of Village Green, Tract 5908, that would create a senior citizen housing development with 21 lots that are 0.06 acres in size, in the PD/R-3 (Planned Development/High Density Residential) zoning district, Assessor's Parcel No. 111-640-002 and 003.

Resolution No. 2006-91 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, APPROVING THE TENTATIVE MAP FOR PARKLAND COTTAGES, TRACT 5908, LOCATED IN THE 500 BLOCK OF WEST MCCOY SOUTH SIDE OF THE STREET.

L. ORDINANCE NO. 2006-11
Council conducted the second reading of Ordinance No. 2006-11, rezoning 10.02 acres of property located on the northeast corner of Santa Maria Way/Sunrise Drive and the southeast corner of Miller Street/Santa Maria Way for Sunrise Terrace, and adopted the ordinance.

Ordinance No. 2006-11 adopted. AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, REZONING 10.02 ACRES OF PROPERTY LOCATED ON THE NORTHEAST CORNER OF SANTA MARIA WAY/SUNRISE DRIVE AND THE SOUTHEAST CORNER OF MILLER STREET/SANTA MARIA WAY, ASSESOR'S PARCEL NUMBERS 128-090-023 AND 109-010-029.

M. JAG GRANT
Resolution No. 2006-92 was adopted authorizing the appropriation of $13,532 to be allocated to the Santa Maria Police Department under the provisions of the 2006 Edward J. Byrne Memorial Justice Assistance Grant (JAG) Program.

Resolution No. 2006-92 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, APPROPRIATING FUNDING UNDER THE 2006 EDWARD J. BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT (JAG) PROGRAM.

N. CALL FOR BIDS
Approval was given to call for bids on the plans and specifications for Fletcher Park, Phase II, Bid No. 2007/01.

O. CALL FOR BIDS
Approval was given to call for bids on the plans and specifications for Creston Street Sanitary Sewer – Railroad Avenue to Lincoln Street, Bid No. 2007/02.

P. CALL FOR BIDS
Approval was given to call for bids on the plans and specifications for Street Maintenance (Chip Seal), Bid No. 2007/03.

Q. TDA CLAIM
Resolution No. 2006-93 was adopted approving the Transportation Development Act (TDA) Claim for fiscal year 2006-07.

Resolution No. 2006-93 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, AUTHORIZING THE FILING OF A CLAIM WITH THE SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS FOR ALLOCATION OF TRANSPORATION DEVELOPMENT ACT FUNDS FOR FISCAL YEAR 2006-07.

R. SMAT SERVICE CHANGES
Resolution No. 2006-94 was adopted approving the expansion of Santa Maria Area Transit (SMAT) service changes to evenings and adjust three existing routes to better serve the community and increase ridership for Summer 2006.

Resolution No. 2006-94 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, ENDORSING THE EXPANSION AND MODIFICATIONS OF SMAT BUS SERVICE IN THE SUMMER OF 2006.

S. ANNEXING AND ASSESSING PROPERTIES
Resolution No. 2006-95 and 2006-96 were adopted annexing and assessing territory into the Southwest Landscape Maintenance District and the South Miller Street/South College Drive Landscape Maintenance District.

Resolution No. 2006-95 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, ANNEXING AND AUTHORIZING THE ASSESSMENT OF LANDSCAPE MAINTENANCE FEES TO DRISCOLL STRAWBERRY ASSOCIATES AND DONAHUE TRANSPORTATION LOCATED IN THE SOUTHWEST LANDSCAPE MAINTENANCE DISTRICT (STREET AND HIGHWAYS CODE SECTION 22500, ET SEQ.)

Resolution No. 2006-96 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, ANNEXING AND AUTHORIZING THE ASSESSMENT OF LANDSCAPE MAINTENANCE FEES TO CRABTREE SIX UNITS LOCATED IN THE SOUTH MILLER STREET/SOUTH COLLEGE DRIVE LANDSCAPE MAINTENANCE DISTRICT (STREET AND HIGHWAYS CODE SECTION 22500, ET SEQ.)

T. SUPPLEMENTAL WATER AGREEMENTS
Resolution No. 2006-97 was adopted authorizing the extension of Supplemental Water Agreements with individual Orcutt community property owners on a case-by-case basis for a one year period.

Resolution No. 2006-97 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, AUTHORIZING EXTENSIONS OF SUPPLEMENTAL WATER AGREEMENTS BETWEEN THE CITY OF SANTA MARIA AND INDIVIDUAL ORCUTT COMMUNITY PROPERTY OWNERS FOR THE SALE OF WATER FROM STATE WATER YIELD.

2006-08 BUDGET
City Manager Ness gave the staff report. On January 25, 2006, the City Council conducted a goal-setting exercise that formulated what Council considered to be the most important issues and/or goals to address over the next two-year period. During that goal-setting exercise, Council reaffirmed the overall Citywide goals developed in 2002; namely, to enhance public safety services, to better the quality of life, to enhance the City's economic vitality, to plan for future growth of the City, to improve public facilities, and to strive for a balanced housing market. Council also came up with a consensus of the following five goals to add to the previously mentioned goals: address traffic safety issues; enhance code compliance-related activities; finalize and adopt the Downtown Specific Plan; initiate a long-range "visionary" plan; and continue to improve public facilities/infrastructure. The 2006-08 budget incorporates and addresses these

goals, as well as many of the other suggested goals and/or issues brought up during the January 25th goal-setting exercise that merited further action and exploration.

The proposed budget for all operating funds in 2006-07 is $118.7 million. This represents an 8.6 percent increase when compared to the 2005-06 adopted budget. Recommended appropriations for the General Fund for 2006-07 are $50.2 million. This represents an 11 percent, or a $4.9 million increase from the previous 2005-06 General Fund budget. Operating costs are increasing by almost $4.8 million, due primarily to increased staffing in the police department and increased wage and benefit enhancements as negotiated with bargaining groups and approved by the City Council. For the 2006-07 budget, proposed recommendations bring Citywide staffing totals to 450 full-time positions and 79 part-time employees, for a total of 529 positions. When compared to the number of positions approved in the 2005-06 budget, the staffing proposals for the 2006-07 financing plan show a net increase of 17 full-time positions and five less part-time positions. Twelve of the 17 positions are in the General Fund and half of the new positions in the General Fund are police-related positions. The proposed staffing recommendations in 2006-07 bring the full-time employee-to-population ratio for the City to 4.9 employees per thousand residents – still far below the (9.12 per thousand) average of other Central Coast cities.

A few years ago, the City was awarded State Library Bond Act financing to construct a new 60,000-square-foot Main Library. The first phase of this project was completed with the opening of the new parking structure in March 2006. After the opening of the new parking structure, the City Council awarded an $18.6 million contract to Straub Construction to build the new Main Library. The total library project cost (including the parking structure) is $32.8 million. The City was awarded a grant of $16.4 million from the State and agreed to fund the remaining $16.4 million balance from a combination of Growth Mitigation Fees, Community Development Block Grant Funds, community donations and other City financing. So far, the Friends of the Library has done a commendable job in soliciting generous public donations to help off-set some project costs, but there still remains an outstanding financing shortfall of approximately $3 million. Staff intends to explore available financing options to bridge the financial gap of this project and secure sufficient funding to cover anticipated project costs. Councilmember Trujillo has specifically offered to assist staff in this effort to secure additional funding. However, should no other funding sources become available, the remaining balance will have to be financed by General Fund proceeds.

Operating programs are proposed to increase by approximately $8.9 million. This increase is reflective of increased staffing primarily in the Police and Utilities departments, wage and benefit enhancements as negotiated with bargaining groups and approved by the City Council, and other increased operating expenses associated with costs of providing services. With regard to Capital Projects, proposed appropriations in 2006-07 are anticipated to increase approximately $4.07 million over 2005-06 levels, and a total of 113 capital projects are slated for 2006-07. Debt service appropriations are up, reflecting payments on 1997 Water Bond Issue debt associated with the State Water Project and the debt service obligation for the Town Center Mall parking structures and parking lots. Unlike previous years, the proposed 2006-07 budget is making no provision for new reserves. It should be noted that this is the first time in ten years that the City has not been able to make any provision for new reserves.

Since the City's revenues are, in large measure, directly tied to the economy, the City has used a conservative approach in projecting them. The three largest key revenue sources in the General Fund are sales tax, vehicle license fees, and property tax. Sales tax represents about 35 percent of General Fund revenue, with vehicle license fees representing about 13 percent, and property tax only about 11 percent. These three revenue sources comprise 59 percent of the total General Fund income. Sales tax and vehicle license fees combined, represent 48 percent of the General Fund revenues, and are projected to increase approximately 4 percent and 29 percent, respectively, when compared to the 2005-06 budgeted amounts. However, when compared to projected 2005-06 receipts, the City estimates both sales tax and vehicle license fees combined to increase only 2.5 percent in 2006-07. Since these funding sources are also both

barometers of the local economy, and are subject to dramatic swings, the 2.5 percent increase is conservatively optimistic given the projected economic forecast at both the State and Federal levels.

Over $5.5 million in street-related capital projects are proposed during the next two-year period, along with an additional $8.5 million in grant and developer financed street-related projects. Highlighting the street-related projects for 2006-08 are the Betteravia Road Widening project, the Union Valley Parkway extension and realignment project, the Highway 101/McCoy Interchange, and various street reconstruction, chip seal, and concrete replacement projects.

In all, $58.5 million of capital and maintenance projects are proposed over the next two-year period. This includes $26.8 million for new projects in 2006-07, and an additional $31.7 million in new projects for 2007-08. The General Fund Capital Projects budget totals $1.9 million over the next two-year period, over $1.4 million more than the previous two-year total. Some of the General Fund proposed capital projects include: renovation of the Hagerman Sports Center ($625,000); re-roofing of the Veterans Memorial Hall ($350,000); repairs to the Paul Nelson Pool Complex ($300,000); replacement of playground equipment at various City parks ($200,000); renovation of three softball fields ($145,000); and the upgrade and/or installation of one restroom each year in a City park ($130,000).

Other noteworthy capital projects in 2006-08 consist of the land acquisition, design and construction of the Transit Center ($5.3 million); the design and right-of-way acquisition associated with the Highway 101/135 interchange ($2.7 million); the purchase of ten SMAT buses ($2.6 million); the design, acquisition, and construction of the new five acre Harvest Glen Park; and the costs associated with completing the new 60,000-square-foot library ($1.7 million).

Councilmember Orach stated he didn't see anything in the budget for planning for the development of the newly-purchased Las Flores property.

Assistant City Manager Haydon directed Councilmember Orach to Page F4 in the budget document. City Manager Ness also indicated that Director of Utilities Chisam and Director of Recreation and Parks Posada would be working together to pursue development of that property as a new landfill and a recreational facility.

One policy issue that needs Council direction is the televising of Board and Commission meetings, specifically the Planning Commission and Recreation and Parks Commission meetings. This has been requested by Mr. Armenta on numerous occasions. Since 1995, the City Council meetings have been broadcast live and rebroadcast later as well on government access television. The City has been able to televise Council meetings because of a side letter to the franchise agreement with Comcast in the early 1990s which provided Comcast paying for not only the equipment but also for taping the meetings and rebroadcasting them. It was very costly at that time. There has not been a lot of interest expressed about televising other boards and commission meetings. Only City Council and TAP TV Board meetings have been televised.

Councilmember Trujillo stated in the past he had received comments that the Council had not spent much time reviewing the budget before passing it. The Council is briefed once a quarter on the financial status of the City. The Council received their budget documents several weeks ago and spent time going over it with staff. Before the Council adopts the budget, Councilmembers have asked a lot of questions and been thoroughly briefed on the budget.

Councilmember Patino stated almost half of the budget is for public safety and that is the direction the City Council has given staff. That is the Council's highest priority.

Councilmember Mariscal stated there was a lot of discussion out in the public about the high cost of salaries and benefits for City employees. One of the increases in this budget reflects negotiated agreements. He asked the City Manager to speak on how the City provides pension benefits.

City Manager Ness explained years ago it was the decision of the City of Santa Maria, like many cities in the State of California, to contract with CalPERS for employee retirement benefits. It is impossible for the City of Santa Maria to make independent and unilateral changes to the benefit portion of retirement packages to employees who are covered under the CalPERS plan. It has to be done system wide. Pension reform is going to occur, but it will have to be done on a system-wide basis. The City will have input into that. The most talked about reform is to create a second tier for new employees that come into the system. It would be very difficult to change the benefit packages of people who have already vested in the system.

Councilmember Mariscal stated the other issue is medical insurance benefits. CalPERS is finally starting to recognize that the cost of providing medical insurance to employees is becoming quite expensive. There is a proposal in Sacramento to do more cost-sharing with employees. The City does recognize that labor and benefit costs are a substantial portion of the City's budget. The City is a service industry, and the biggest asset is the employees. Because the City does what it does with 4.9 employees per thousand, the City's budget is 25 percent less than the City of San Luis Obispo and 40 percent less than the City of Santa Barbara. The City provides services second to none with the employees it has. Secondly, over the next two years the City is going to invest $58 million in capital projects in the community. There are not many other communities on the Central Coast that have the ability or desire to do that.

Mayor Lavagnino stated additionally, other cities have utility users taxes and parking revenues that the City of Santa Maria does not have. Those are substantial amounts of money for the Cities of Santa Barbara and San Luis Obispo.

Mayor Lavagnino opened the public hearing.

Laurie Tamura stated she thought the City should be commended for doing a two-year budget cycle. She indicated that in 2007, the City should be going through the Growth Mitigation Fee process again. She didn't see anything in the budget about that. She commended City staff in all departments who work on development projects. She highlighted several large projects moving forward such as the Black Road Specific Plan, the Airport Specific Plan, the Bradley East Specific Plan, the Enos Ranch Specific Plan, the Blosser East Specific Plan, and Mahoney Ranch. There are over 10,000 units in the process. She said she was supportive of the additional staffing in the Community Development Department but said all departments would be affected by these projects. The budget mentions the Housing Element hopefully being done this year, but it is time to start the process over again as it needs to be updated every five years. She indicated she did not see a slow-down in development projects in the next two years.

Hearing no further requests to testify, Mayor Lavagnino closed the public hearing.

Policy Issue – Televising Board and Commission Meetings

Mayor Lavagnino stated he saw the wisdom in televising Planning Commission meetings because the Commission makes decisions that the City Council doesn't see. He said he didn't see any reason to televise the Recreation and Parks Commission, Library Board of Trustees or the TAP TV Board meetings. He recommended staff be directed to move forward with televising the Planning Commission meetings with the idea that the meetings be televised by the end of the year.

Councilmember Trujillo agreed that the Planning Commission was the one that the public would be most interested in viewing.

Councilmember Orach also concurred.

City Manager Ness stated there were some logistical and technical issues that staff would need to work on in addition to monitoring AB 2987. In addition to the $440,000 in franchise revenue, the City receives about $200,000 from Comcast directly for PEG

Access television. He said he felt staff would be able to implement televising Planning Commission meetings by the end of the year.

Councilmember Patino stated she would concur; however, she would like to wait until a decision was made on AB 2987.

Councilmember Mariscal also agreed that the Planning Commission was the most likely candidate for televising meetings. He expressed concern that televising meetings would give individuals a venue to be on camera. He requested something be added to the Request to Speak form regarding decorum.

Councilmember Patino asked how the Planning Commission felt about having their meetings televised.

City Manager Ness indicated generally speaking, they were concerned about it and not generally in favor of it.

Mayor Lavagnino suggested that a Police Officer be available at Planning Commission meetings to maintain decorum if necessary.

City Manager Ness informed the Council that the TAP TV Board meetings had been televised in the past. Those meetings were interrupted because the agreement with Lompoc was interrupted. The meetings are about to start again. Staff would like to continue to televise those meetings until further notice. All Board, Commission and Committee meetings are open to the public.

On motion by Councilmember Mariscal, seconded by Councilmember Trujillo, and carried unanimously, staff was directed to proceed with televising the Planning Commission meetings and the TAP TV Board meetings by the end of the year.

Councilmember Orach stated the Budget is a beautiful document that takes a lot of time and energy to put together. He encouraged everyone to look at the document. He said this was the first year in 10 years the City was not putting any money in reserves; but 10 years ago when the City was on shaky ground, it was City Manager Ness who recommended the City start setting aside money in reserves.

Councilmember Trujillo commended staff on the budget document.

Councilmember Patino also commended staff on the budget and said she was really happy to see two new positions in Code Compliance.

Councilmember Mariscal commended City Manager Ness, Assistant City Manager Haydon, Director of Administrative Services Snodgrass, and all the department heads for the work they have done. He commented on the benefits of a two-year budget and the flexibility it provides and on some of the major projects in the budget.

Mayor Lavagnino also commended staff.

Resolution No. 2006-98 was adopted approving the budget for fiscal years 2006-07 and 2007-08 on motion by Councilmember Orach, seconded by Councilmember Patino, and carried on the following vote:

AYES: Councilmembers Mariscal, Orach, Patino, Trujillo, and Mayor Lavagnino
NOES: None
ABSENT: None
ABSTAIN: None

Resolution No. 2006-98 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, ADOPTING THE BUDGET FOR FISCAL YEARS 2006-07 AND 2007-08 AND DELEGATING THE CITY MANAGER TO IMPLEMENT SAME.

MICHAEL MURPHY APPEAL

Director of Administrative Services Snodgrass gave the staff report. This is an appeal by Michael Murphy of Santa Maria Valley Taxi of the issuance of a Certificate of Public Convenience and Necessity which was issued on May 23, 2006, to Mr. Jeff Goldenberg of Santa Maria Cab Company to operate a taxicab company in the City. This was done after careful review of the application by the Police, Community Development, Public Works-Engineering and Administrative Services departments. The Santa Maria Municipal Code specifies that the Director of Administrative Services conduct an investigation to determine whether the public convenience and necessity requires the issuance of a Certificate. The Director of Administrative Services completed that investigation and formed a Taxi Committee to consider transportation issues. A historic survey of the number of taxicab services in comparable communities was reviewed, and an updated survey was conducted and considered. The survey results show that most cities of sizes similar to Santa Maria have more than one taxicab service. The adequacy of existing public transportation service was also considered. Additionally, the color scheme and equipment proposed for the new taxicab service was considered. The proposed color is yellow with a yellow surf board on top of the vehicles. This scheme is distinctive and differs substantially from that of the existing taxicab service, Santa Maria Valley Taxi. The qualifications of the applicant to run a taxicab service were considered. The Santa Maria Municipal Code requires that when all requirements have been met, City staff must issue a Certificate of Public Convenience and Necessity to operate a taxi service. Mr. Murphy contends that the Santa Maria Cab Company's application was incomplete and misleading and that the investigation conducted by City staff was also incomplete and non-compliant with the Municipal Code. City staff stands by its original decision to issue the Certificate. Since the writing of the staff report and publication of the agenda, staff learned that Mr. Murphy published a letter to his supporters accusing the City of misconduct in this action. Mr. Murphy claims he provided suggestions on how to stabilize the market and how to increase the choice and quantity of taxi services in the community. Mr. Murphy did meet with the City's taxi committee to provide a list of challenges that he faces. His solution to these challenges was for the City to provide financial assistance in the forms of loans, letters of credit, subsidies for transportation services, or the waiving of City fees. Basically, Mr. Murphy requested that the City financially support his business. Mr. Murphy claims he begged the City to look at his books, response times, and number of calls but was ignored by City officials. Mr. Murphy refused to provide those financial records for City staff to study because once those records were turned over to the City, they become public records and could be examined by any member of the public. Mr. Murphy would like the City to rescind the Santa Maria Cab Company Certificate and conduct proper research on taxi issues. The City has completed an investigation as required by the Municipal Code, Chapter 4-10. Mr. Murphy claims the City issued a taxi certificate before sitting down to discuss the solutions with his company. The City formed a taxi committee to discuss and provide direction on Mr. Murphy's taxi issues before the application by Santa Maria Cab Company was ever received by the Administrative Services Department. For the last several weeks, City staff has placed several calls to Mr. Murphy to schedule another meeting of the taxi committee, but Mr. Murphy has not responded to those calls. Mr. Murphy claims that the City Council has predetermined its action on the item because the agenda states that a resolution will be adopted upholding the Certificate. City staff has made a recommendation to the City Council and has prepared a resolution in case the City Council agrees with that recommendation as is standard practice. Should the City Council determine that the appeal should be granted, a second resolution will be prepared and presented to the City Council at the next meeting.

Mayor Lavagnino opened the public hearing.

Michael Murphy stated he would like to commend Transit Manager Joe Rye on the job he has done. He is probably the one person in the City who had any knowledge of what was going on with the taxi business and took the time to study it. It is difficult to correct people's mistakes, especially when you have someone who is as competent as Mrs. Snodgrass in her field; but she has no clue about the taxi business and has not made the effort to understand it. Santa Maria Valley Taxi has gone from 27 to 18 calls and about $180 a day in revenue. The drivers went from making $8 per hour to making

$3.25 an hour plus tips since the Certificate was issued to Santa Maria Cab Company. On March 3, 2003, he and his wife purchased Santa Maria Valley Taxi. At the time, it was a good decision. They put countless hours and money into the business. The City was experiencing challenges with another taxi operator. He continued in the business with good intentions attempting to communicate with various City officials the challenges they were facing adhering to existing regulations and the complexities of the taxi business. At various times they sat down with City officials to seek solutions to providing good quality taxi service to Santa Marians while dealing with rising costs, and competition from the City's transportation programs. Time and time again, these communications fell on deaf ears. The only people who seemed to think that the City and the company should work together were the customers. He said he intended to prove that the problem was not the message he tried to deliver, but that certain officials had gone out of their way to loosely interpret City ordinances, mock him personally in written communications, ignore proofs of conflict, accept a misleading and incomplete application from a prospective operator, and completely ignore facts and solutions presented to lead the City Council to believe that a comprehensive study was done to justify adding an additional taxi service and that information was not provided or even offered. He said he intended to prove that there were underlying motivations by certain officials to circumvent and abuse the certification process and those officials were aware of the damages Santa Maria Valley Taxi would experience. He said he was advised at one of the meetings that if he provided financial information, that information would become a public record. That was not true under the Public Records Act. He said he could provide concrete evidence that the only equitable solution was to temporarily suspend Santa Maria Cab Company's Certificate until a more appropriate survey of the needs of Santa Marians were investigated with the relevant and comprehensive study in compliance with the spirit and intent of existing City ordinances. He said he presented proof and a summary of what he felt the discrepancies were.

Director of Administrative Services Snodgrass stated she found Mr. Murphy's accusations to be rather vague. He said Mr. Goldenberg's application was vague and incomplete, but he did not provide any details to allow her to follow through. She said she found the application to be complete.

Mayor Lavagnino asked if this was a difference of opinion or a difference in fact as far as what has to be supplied to the City. Was it supplied or was it not supplied?

Director Snodgrass stated her contention was that there is a difference of opinion. She said the way she read the Municipal Code, it was very straight forward. It says certain information had to be supplied, and her responsibility was to investigate to insure that the information had been supplied and was complete; and she found that it was complete. She said she felt Mr. Goldenberg's application was complete and met City requirements.

City Attorney Trujillo commented that Mr. Murphy should be encouraged to submit any evidence he has for his appeal, and to summarize that for the City Council. He said he has not seen any evidence that would support his appeal. The staff report adequately supports the resolution and the four findings in the resolution to deny the appeal. The burden is on Mr. Murphy to convince the City Council that the decision to issue the Certificate of Public Convenience and Necessity to Mr. Goldenberg was wrong.

Mayor Lavagnino stated he did not see how the City Council could make a decision at this time without having reviewed all the documentation Mr. Murphy submitted to the Clerk at the beginning of the meeting. He suggested the Council take it under consideration, have the City Attorney and Director of Administrative Services review the evidence Mr. Murphy submitted, and report back to the City Council at the next meeting after the City Council had reviewed the evidence as well.

City Manager Ness stated he felt it was incumbent on Mr. Murphy to supply the City with that evidence when he submitted his appeal. It was his responsibility to provide the evidence to support his appeal. He failed to do that. If the Council decides to continue the item, staff will go through the information and evaluate it and make a recommendation to the City Council.

Councilmember Mariscal expressed concerns about Mr. Murphy's statement regarding conflicts, and said he hoped Mr. Murphy had provided evidence to support that statement. He also said he felt requesting financial information for Santa Maria Valley Taxi was a legitimate request of staff in order evaluate if there was a need for a second taxi service. If Mr. Murphy provided that information to support his appeal, it could become a public record as part of the agenda packet for the appeal hearing.

Councilmember Orach stated he felt Mr. Murphy should have provided this documentation to staff prior to this meeting so it could have been provided to the City Council.

Mayor Lavagnino requested the item be continued to the next meeting. City Manager Ness recommended it be continued for one month to allow staff adequate time to review Mr. Murphy's evidence.

On motion by Councilmember Mariscal, seconded by Councilmember Patino, and carried on the following vote:

AYES:	Councilmembers Mariscal, Orach, Patino, Trujillo, and Mayor Lavagnino
NOES:	None
ABSENT:	None
ABSTAIN:	None

the public hearing on the appeal by Michael Murphy was continued to the regular meeting of July 18, 2006, and Mr. Murphy was directed to supply all evidence by June 30, 2006.

REPORT BY CITY MANAGER

City Manager Ness reported on items for the next regular City Council meeting on July 5, 2006, including personnel changes related to the adoption of the 2006-08 budget; at least two responses to the Grand Jury Report; and annual operating agreements for the Chamber of Commerce, Historical Society, and Museum of Flight. He also reported on items for the July 18th City Council meeting including a TEFRA hearing for Good Samaritan Shelter; the annual assessments for the City's four landscape maintenance districts, Williams Feedlot, and weed abatement; and appointments to Boards and Committees. He also thanked staff for their hard work and support during the budget process and thanked the City Council for their direction and support.

ORAL REPORTS OF COUNCILMEMBERS

Councilmember Trujillo commended staff for all its hard work. He reminded the public that July 4th was a very important day in the history of the United States.

Councilmember Orach reported on the All-America City Conference in Anaheim.

Councilmember Patino reported on the Flag Day Ceremony at the Elks Club which was put on by the Boy Scouts, and on the Comedy Night sponsored by Fighting Back Santa Maria Valley on July 14th.

Councilmember Mariscal stated people were still driving crazy in Santa Maria, and pleaded with drivers to "slow down." He cautioned everyone to be careful on the 4th of July with fireworks.

CLOSED SESSION

Council recessed to Closed Session at 9:15 p.m. for Conference with Legal Counsel regarding existing litigation pursuant to Subsection (a) of Government Code Section 54956.9 to discuss Santa Maria Valley Water Conservation District v. City of Santa Maria and Pierce, et. al. v. Santa Barbara County Association of Governments (SBCAG), et. al.

After the Closed Session, the following was announced.

Conference with Legal Counsel regarding Santa Maria Valley Water Conservation District v. City of Santa Maria – Withdrawn from the agenda.

Conference with Legal Counsel regarding Pierce v. SBCAG – Direction to staff was provided.

ADJOURNMENT
There being no further business to come before the City Council at this time, the meeting was declared adjourned at 9:32 p.m. by order of Mayor Lavagnino.

APPROVED

July 5, 2006
Date

Chief Deputy City Clerk of the City of Santa Maria and ex officio Clerk of the City Council

Mayor of the City of Santa Maria

ATTEST

Chief Deputy City Clerk